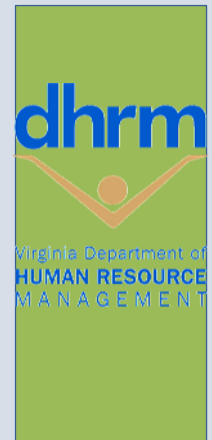


Virginia Department of Human Resource Management

STATE WORKFORCE

Richmond, VA • September 18, 2017



COMMISSION ON EMPLOYEE RETIREMENT
SECURITY & PENSION REFORM

EMPLOYMENT LEVEL UPDATE
STATE HAS 104,678 SALARIED EMPLOYEES AND
ALMOST 21,000 TEMPORARY EMPLOYEES

HUMAN CAPITAL as of June 30, 2017

Branch	Salaried	Temporary	TOTAL
<i>Executive</i>	99,298.10	20,716.01	120,014.11
<i>Legislative</i>	503.80	31.48	535.28
<i>Judicial</i>	3,284.30	116.03	3,400.33
<i>Independent</i>	1,591.80	108.92	1,700.72
TOTAL	104,678.00	20,972.44	125,650.44

EMPLOYMENT LEVEL UPDATE

OVER HALF OF EXECUTIVE BRANCH EMPLOYEES ARE IN EDUCATION

EXECUTIVE -Secretariat FTEs	6/30/2017	7/31/2011	Change 7/31/2011 to 6/30/17	% Change 7/31/2011 to 6/30/17
• Education	50,017.22	45,906.89	4,110.33	8.95%
• Public Safety & Homeland	18,378.15	18,265.90	112.25	0.61%
• Health & Human Resources	14,719.92	15,288.26	-568.34	-3.72%
• Transportation	9,162.03	8,970.85	191.18	2.13%
• Natural Resources	1,780.14	1,806.11	-25.97	-1.44%
• Commerce & Trade	1,617.90	1,685.18	-67.28	-3.99%
• Finance	1,082.30	1,102.00	-19.70	-1.79%
• Administration	759.85	781.45	-21.60	-2.76%
• Veterans Affairs	659.31	675.30	-15.99	-2.37%
• Agriculture & Forestry	589.00	550.00	39.00	7.09%
• Executive Offices	452.45	386.00	66.45	17.22%
• Technology	262.50	260.30	2.20	0.85%
TOTAL EXECUTIVE SALARIED	99,480.77	95,678.24	3,802.53	3.97%

EMPLOYMENT LEVEL UPDATE

TOP 10 ORGANIZATIONS REPRESENT 2/3 OF THE EXECUTIVE BRANCH EMPLOYEES

10 Largest State Agencies – FY17		
Rank	Agency	~ Salaried Employee FTEs
1	University of Virginia System	14,192
2	Virginia Department of Corrections	11,245
3	Virginia Department of Transportation	7,475
4	Department of Behavioral Health & Developmental Services	6,102
5	Virginia Commonwealth University	5,946
6	Virginia Tech	5,530
7	George Mason University	3,934
8	Virginia Department of Health	3,196
9	James Madison University	2,983
10	Virginia State Police	2,607

COMMISSION RECOMMENDATION

FY 2018 STATE EMPLOYEE PAY RAISES

FY 2018 State Employee Pay Raises

The General Assembly should prioritize funding for the previously scheduled state employee pay raises in Fiscal Year 2018 as it considers budget amendments to the 2016-2018 biennial budget. The three percent salary increase for FY18 should be fully funded by the General Assembly.

Support for Compensation Reform

The Workforce Working Group voiced its support for recommendations of the Compensation Working Group aimed at addressing compensation issues for state employees. Compensation reform is an essential element of any attempt to improve workforce-related issues.

STATUS

FY 2018 STATE EMPLOYEE PAY RAISES

➤ Across the board base pay increase

- **3% pay raise** fully funded by the General Assembly
 - \$64.8 million GF in 2nd year
 - Must be rated contributor of better on performance evaluation
 - Wage increases permissible from existing funds
- **Higher education** increases varied
 - \$18.4 million GF in 2nd year
 - 2% to certain institutions providing faculty supplement in FY17
 - 2% + 1% to certain institutions NOT providing faculty supplement in FY17
- **Implemented raise on July 10, 2017**



STATUS

FY 2018 STATE EMPLOYEE PAY RAISES

➤ Targeted pay increases

- **Additional \$6,793 to each Virginia State Police sworn officer**
 - \$14.3 million GF in 2nd year
 - Implemented on July 10, 2017 before the 3% raise
- **Additional 2% for high turnover roles**
 - \$2.6 million GF in 2nd year
 - Implemented on September 20, 2017
 - High turnover roles
 - Direct Service Associate I
 - Direct Service Associate II
 - Direct Service Associate III
 - Housekeeping and/or Apparel Worker
 - Licensed Practical Nurse
 - Registered Nurse I
 - Registered Nurse II/Nurse Practitioner I/Physician's Assistant
 - Therapy Assistant/Therapist I
 - Therapist II



STATUS

FY 2018 STATE EMPLOYEE PAY RAISES

- **Updated salary structure** for classified employees on July 10, 2017
 - **Minimum** increased 3%
 - **Maximum** increased by 3% + \$6,793

Pay Bands	Ranges			Employees on 8/31/2017	
	Minimum	Statewide Maximum	NOVA Maximum	Number	Percent
1	\$16,472	\$46,778	\$58,773	1,960	3.11%
2	\$21,521	\$57,644	\$72,899	7,046	11.19%
3	\$25,718	\$66,683	\$84,651	19,792	31.44%
4	\$33,598	\$83,649	\$106,705	17,082	27.13%
5	\$43,892	\$105,811	\$135,516	12,331	19.59%
6	\$57,342	\$134,764	\$173,156	4,045	6.43%
7	\$74,913	\$172,594	\$205,755	488	0.78%
8	\$97,863	\$222,012	\$265,055	195	0.31%
9	\$127,852	MARKET	MARKET	16	0.03%

STATUS

STATE SALARIES

BEFORE & AFTER SALARY INCREASES

CLASSIFIED STATE SALARIES Full Time as of 6/30/2017	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
Statewide Pay Area	\$47,475	\$41,981	\$33,889	\$55,832	\$15,992	\$254,919	57,905
NOVA Pay Area	\$57,115	\$52,264	\$42,840	\$65,149	\$20,969	\$216,300	5,525
All Pay Areas (Statewide All)	\$48,312	\$42,802	\$34,250	\$57,043	\$15,992	\$254,919	63,430

CLASSIFIED STATE SALARIES Full Time as of 8/31/2017	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
Statewide Pay Area	\$49,486	\$43,655	\$35,022	\$58,483	\$16,472	\$262,567	56,778
NOVA Pay Area	\$59,279	\$53,764	\$44,260	\$67,794	\$21,598	\$245,068	5,503
All Pay Areas (Statewide All)	\$50,352	\$44,515	\$35,363	\$59,890	\$16,472	\$262,567	62,281

- **Federal minimum wage** \$7.25 or \$15,080 annually
- **Lowest** after salary increase \$16,472
- **Highest** after salary increase \$262,547

OPPORTUNITIES COMPENSATION

- Need **long term funding strategy** for employee compensation
- Recognize that **market differences** vary by role and region
- Provide agencies **funding for pay practices** to deal with such things as salary compression



COMMISSION RECOMMENDATION

OCCUPATIONALLY BASED DATA SUBSCRIPTION

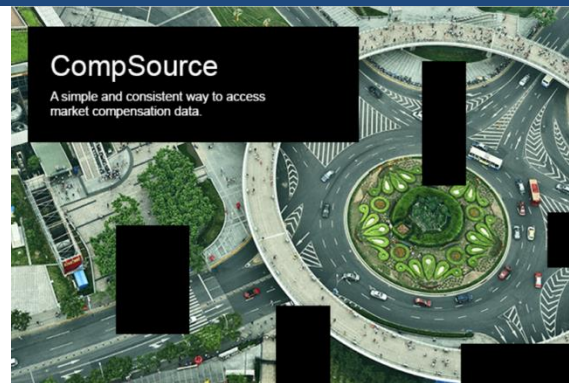
Occupationally Based Data Subscription

The General Assembly should appropriate necessary funds for the Department of Human Resource Management to subscribe to Occupationally Based Data Services focused on total compensation and evaluation of peer employers. This tool will enable DHRM to analyze and compare State compensation data for its annual report to the General Assembly and for ongoing compensation studies. This tool has not been purchased since 2009 due to budget reductions. The cost estimate is \$20,000 for FY2017.

STATUS

OCCUPATIONALLY BASED DATA SUBSCRIPTION

- General Assembly appropriated \$20,000 in 2nd year
- DHRM purchased the **Occupationally Based Data Services** in July 2017
 - **Willis Towers Watson - CompSource Suite**
 - Has multiple surveys
 - Includes all industries relevant to the state workforce



COMMISSION RECOMMENDATION

EMPLOYEE MARKETING & RECRUITMENT PLAN

Employee Marketing & Recruitment Plan

The Department of Human Resource Management should develop a comprehensive marketing and recruitment plan to help attract and retain qualified state employees. The plan should define the state's brand, present a complete picture of the employee experience, and demonstrate the professional and personal benefits of becoming a state employee. The plan should focus on attracting qualified employees with the appropriate skills and experience who are committed to long-term public service. The plan should utilize modern public relations and marketing strategies to reach the target audience.

STATUS

EMPLOYEE MARKETING & RECRUITMENT PLAN

- **No funding** provided
- **Approached VCU Brandcenter** for a potential student project or other partnership to develop the plan
- **VCU Brandcenter** recommendation
 - Begin in January 2018
 - Tackle this as a side project
 - Hand-pick a team of best second-year, graduate students
 - Select the team based on their skills and fit for the project
 - Includes students from both the strategic and creative tracks
 - Focus on specific needs of the Commonwealth
 - Work will be supervised by Brandcenter faculty
 - **Cost is \$12,500**, which is half of a sponsored class project
 - Eager to move forward to help attract the best and brightest to work for the Commonwealth



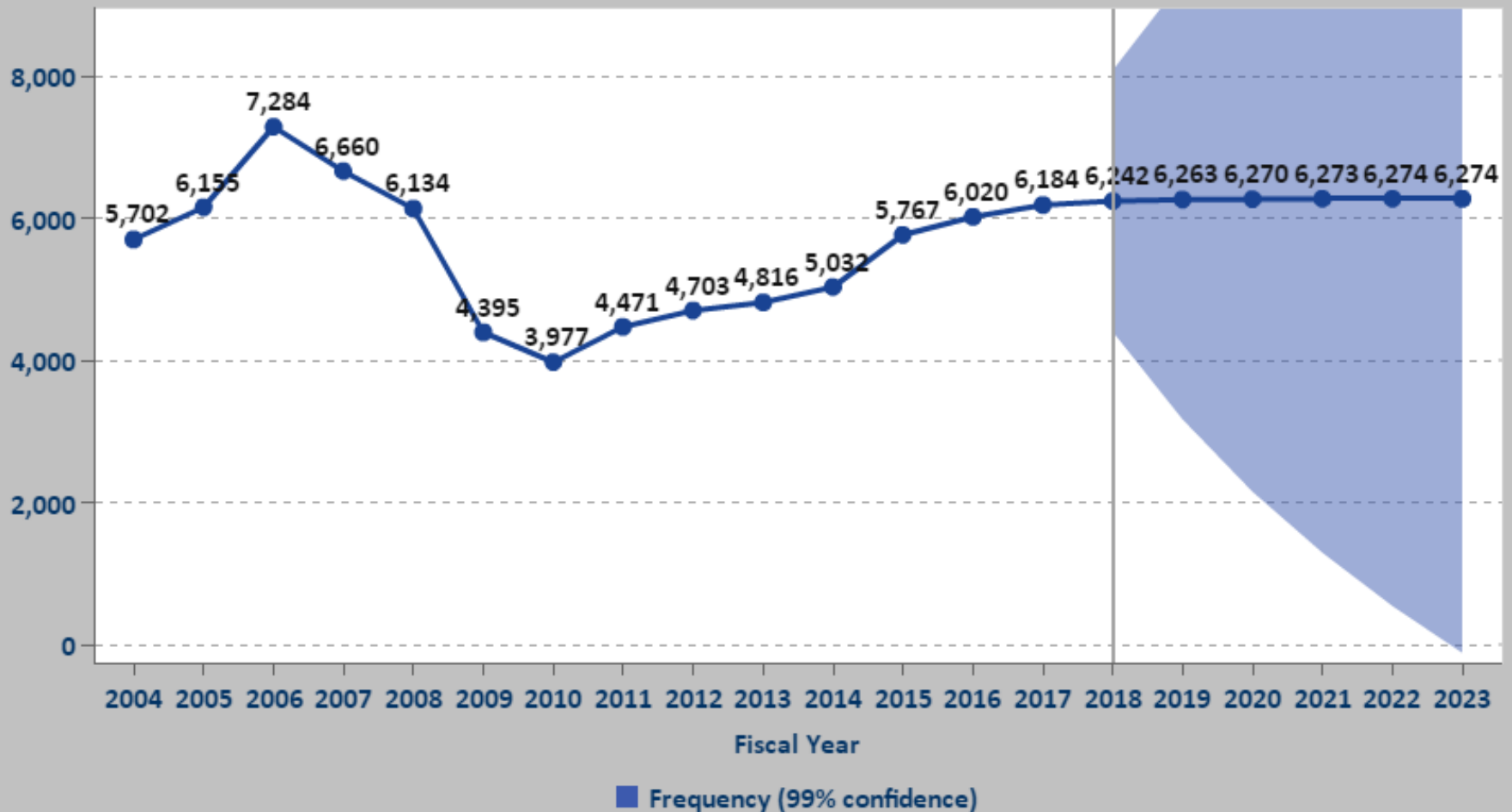
AGENCIES SHOULD PLAN TO DEVOTE MORE RESOURCES TO MANAGE TALENT ACQUISITION AND RETENTION EFFORTS

Recruitment FY17	
• Vacancy rate	12.45% ↓
• Average vacancy	288 days ↓
• Average time to hire	87 days ↑
• Hire offers accepted	85.8% ↓
• Exceptional recruitment options	4.5% ↑
• Total recruitments*	14,287 ↓
• Promotions	13.2% ↓
• Demotions	1.7% ↔
• Transfers	25.4% ↑
• New hires & rehires	59.8% ↑
• Average age new hire	35.3 yrs ↑

Retention FY17	
• Turnover rate	14.5% ↑
• Turnover - probationary	15.1% ↑
• Turnover - < 5 years service	57.6% ↑
• Average retention bonus	1.4% ↓
• Transactions w/ retention in-band adjustment increase	8.5% ↑
• Avg retention in-band adjustment increase	3.7% ↓
• Eligible retirement today	11.7% ↔
• Eligible retirement ≤ 5 years	24.0% ↓
• Retirement rate	3.4% ↑
• Average age at retirement	62 yrs ↓

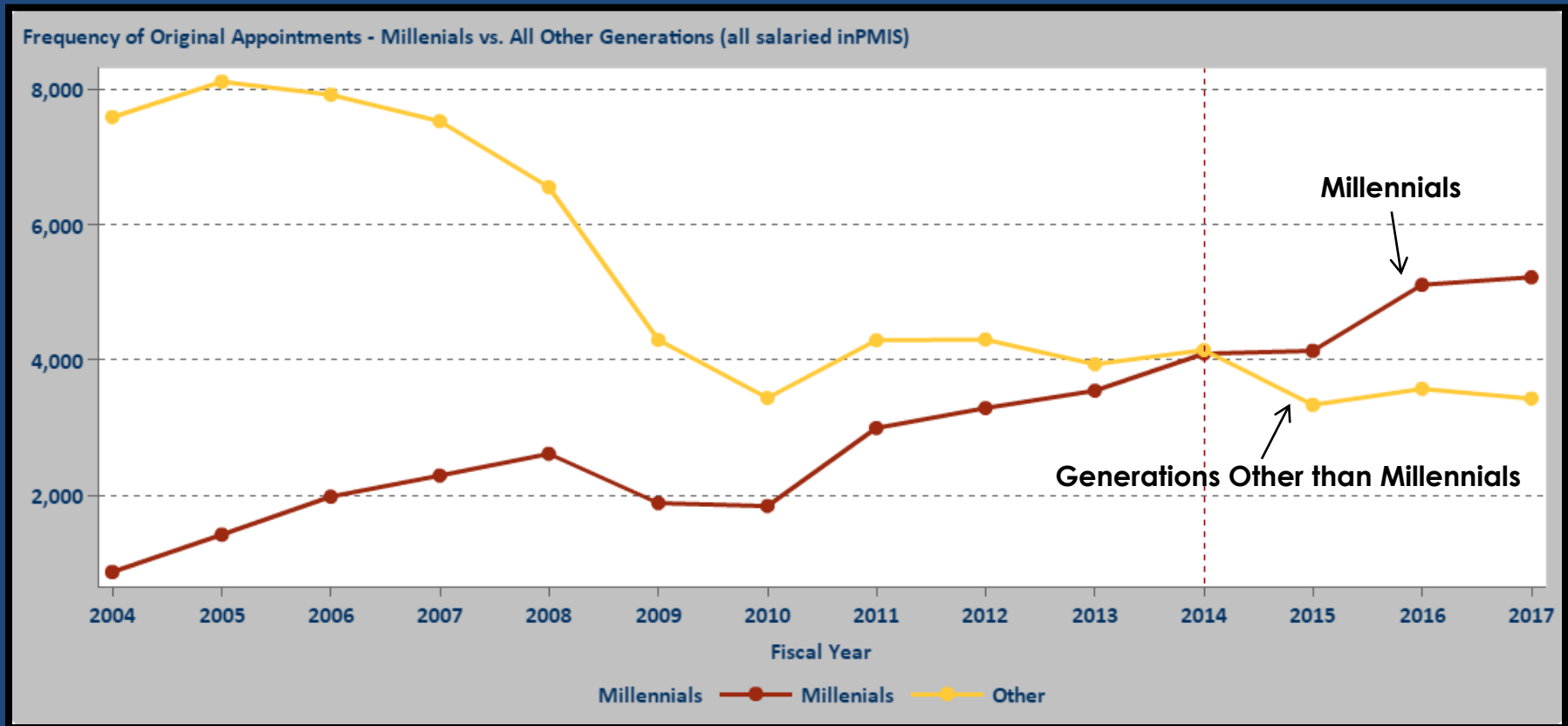
INCREASING VOLUNTARY RESIGNATIONS RATE REQUIRES AN INCREASED FOCUS ON RETENTION AND RECRUITMENT

Frequency of Resignations with Forecast (all salaried in PMIS)

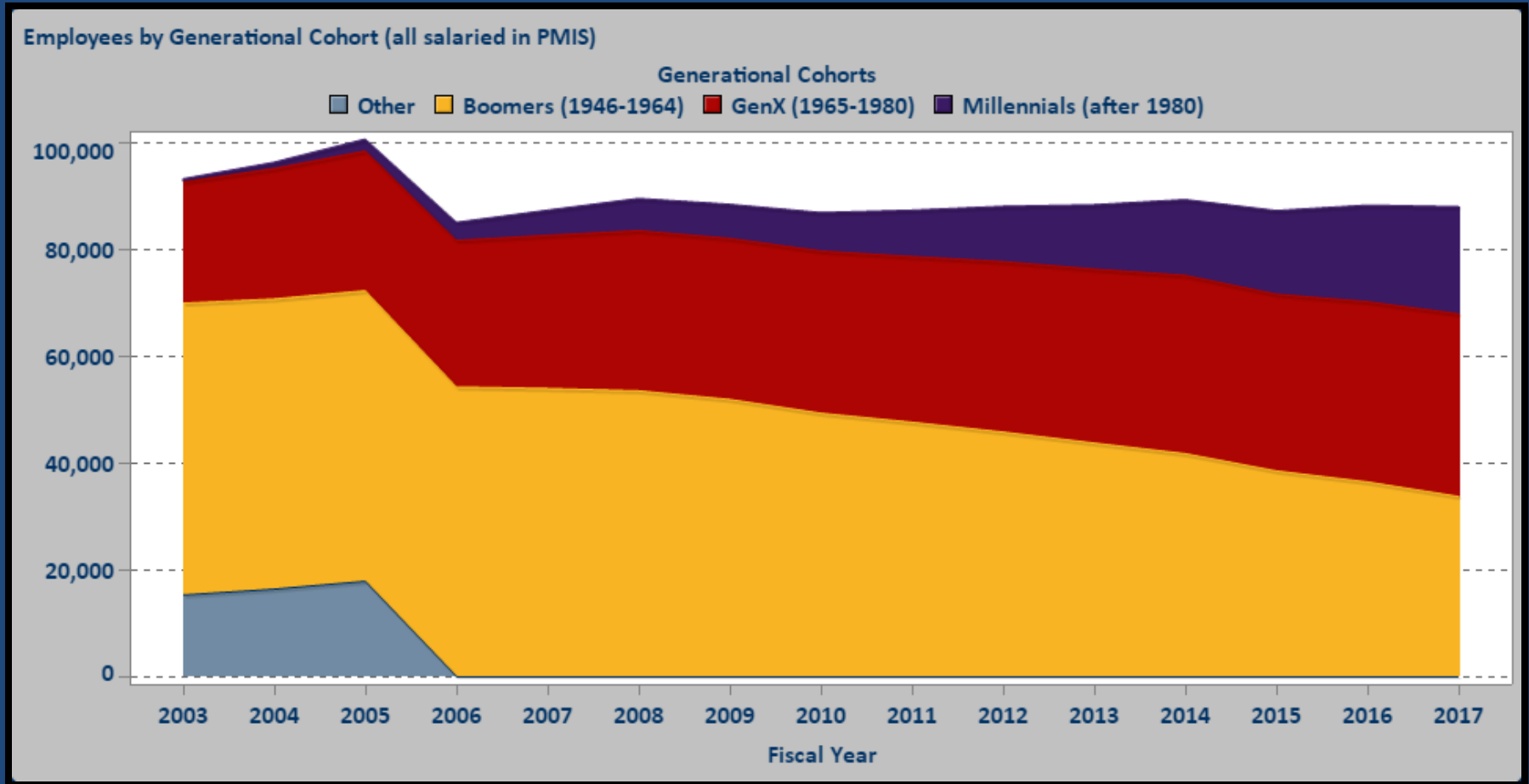


SINCE 2014, MILLENNIALS WERE HIRED INTO THE STATE WORKFORCE MORE OFTEN THAN ANY OTHER GENERATION

Recruitment methods, overall employee branding, and employee value proposition need to evolve to focus more on the Millennial generation.

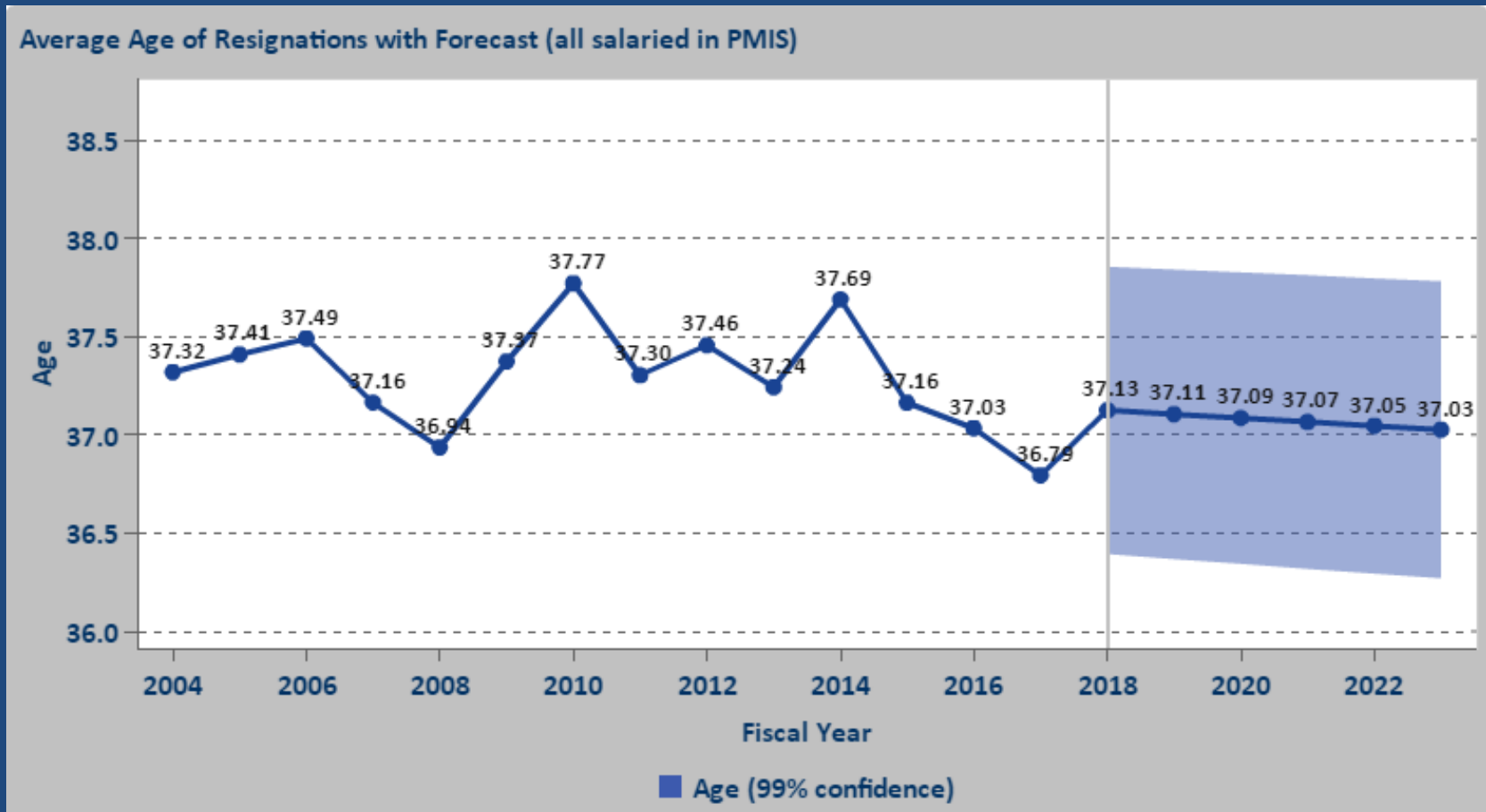


AS WORKFORCE EVOLVES, RETENTION AND SUCCESSION MANAGEMENT EFFORTS SHOULD FOCUS MORE ON GENX AND MILLENNIALS



AVERAGE AGE OF EMPLOYEES RESIGNING IS ABOUT A DECADE LOWER THAN AVERAGE AGE OF THE OVERALL WORKFORCE

- Average age of workers resigning: 37.1
- Average overall age of state workforce: 46.6



COMMISSION RECOMMENDATION

ANNUAL EMPLOYEE SATISFACTION SURVEY

Annual Employee Satisfaction Survey

The Department of Human Resource Management should conduct an annual survey of state employees to determine employee satisfaction in key areas including but not limited to their job role and responsibilities, compensation and benefits, professional development and personal growth, workplace environment and experience, and department and agency management and leadership. The Department should produce a report for the Governor and the General Assembly annually, and each agency should receive a report on the results of the survey annually.

STATUS ANNUAL

COMMISSION RECOMMENDATION

EMPLOYEE EXIT SURVEY

Employee Exit Survey

The Department of Human Resource Management should develop a centralized exit survey for all state employees leaving employment with a state agency. The Department would contract with a third party to administer 5,000 - 10,000 exit surveys per year. The third party administrator would annually report back meaningful data to DHRM, including a priority ranking of the reasons why employees are leaving state government and where they are going. Nothing like this currently exists on a centralized and useful basis. The cost is estimated at \$75,000 GF annually.

STATUS

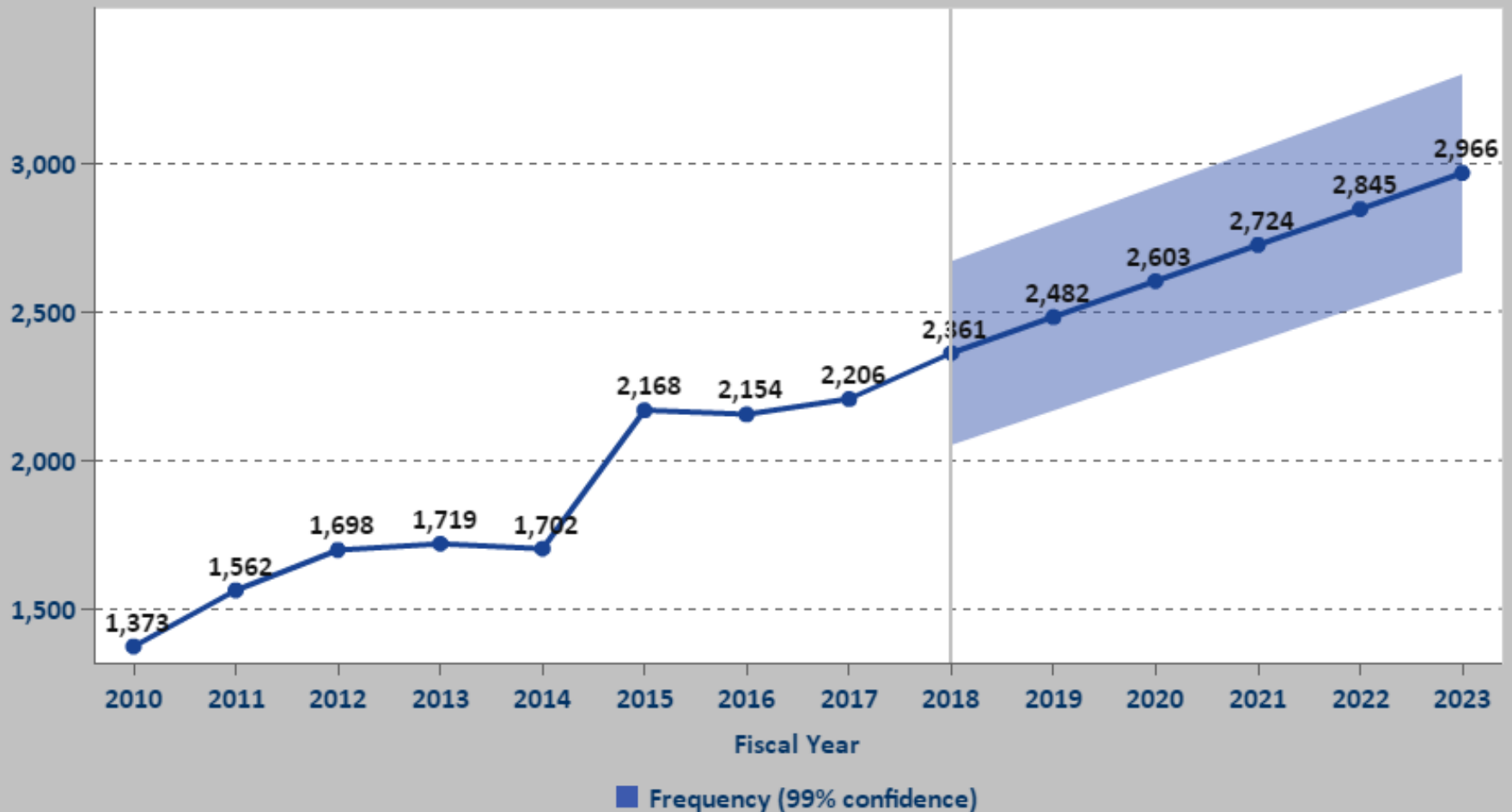
EMPLOYEE EXIT SURVEY

- **\$75,000 GF** appropriated for FY18
- Issued **Request for Proposal** for an employee exit survey
- Received **proposals** on September 11, 2017
- **Evaluated** product, timeline, experience and price
- Scheduled **negotiations** for September 20, 2017
- Anticipate a January 2018 launch



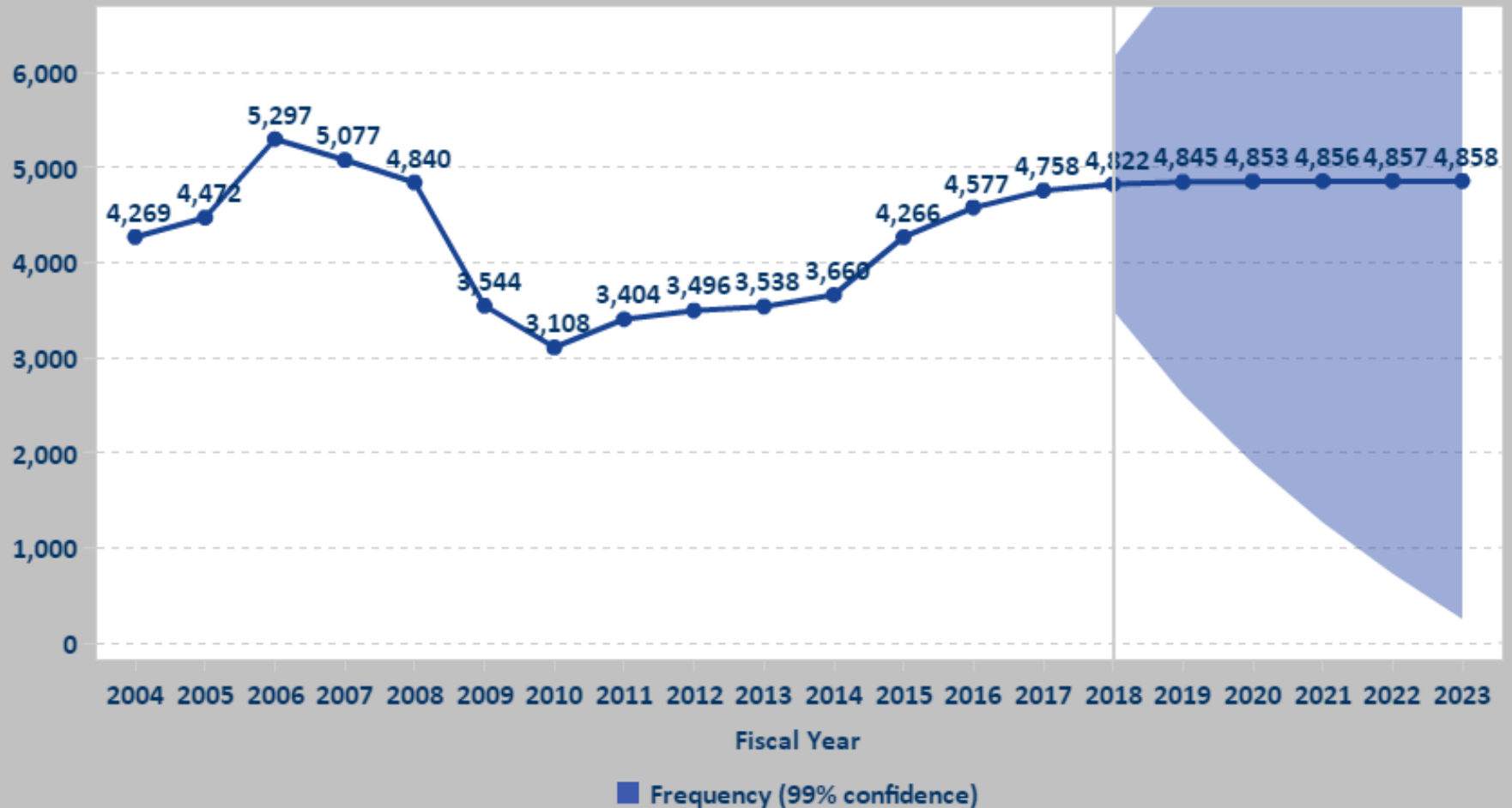
RESIGNATIONS “FOR A BETTER JOB” INCREASED IN FY17

Resignations for a Better Job with Forecast (all salaried in PMIS)



ON AVERAGE 75% OF RESIGNATIONS ARE EMPLOYEES WITH 5 YEARS OR LESS OF SERVICE

Frequency of Resignations with Forecast - Employees with 5 Years or Less of Current Service (all salaried in PMIS)



COMMISSION RECOMMENDATION

STUDY JOB SKILLS & LOCATIONS

Study Job Skills and Locations

The Commission on Employee Retirement Security & Pension Reform should commission a comprehensive study of state employee positions in each region of the Commonwealth and the skills of potential employees in each region. This study would be funded from the Department of Human Resource Management's 2016-2018 appropriation for the Commission. Further discussion and refinement of this general recommendation by the Retirement Reform Commission is suggested by the working group.

STATUS

STUDY JOB SKILLS & LOCATIONS

- **Geographic Differentials**

- Currently **available** in the Compensation Management System
- Are **base pay adjustments**
- Make salaries more **competitive with local market**
- Address **supply and demand** issues for a particular occupation
- May be **applied as needed**
 - Entire role
 - Specific jobs within a role
 - Individual job
- May be in effect **as long as needed**
- Used primarily by agencies with **medical, healthcare, and public safety occupations**

- **Northern Virginia Expanded Salary Range**

- Only geographic area where expanded salary ranges are **available for all jobs**
- **Up to 30% higher** than Statewide salaries
- Addresses the **high cost of labor** in the area
- **Agencies determine** if, and when, an expanded range needs to be applied

- **Out-of-State Differentials**

- Available for employees that work in locations **outside Virginia** where market conditions support additional pay

COMMISSION RECOMMENDATION

AGENCY HEAD

HUMAN RESOURCES TRAINING

Agency Head Human Resources Training

Each state agency head should be required to participate in a human resources training program upon appointment, and then at intervals of at least once every four years. The training program, to be developed and managed by the Department of Human Resource Management, should serve to familiarize agency heads with state human resource policies including general policies, compensation management, benefits administration, training, succession planning, and the resources available at DHRM.

STATUS

AGENCY HEAD

HUMAN RESOURCES TRAINING

- **Legislation passed to require Agency Director to receive human resource training**
 - **(2017) HB1555** – Agency Director human resource training and agency succession planning
 - Requires **Agency Director to attend DHRM training**, along with the agency's chief human resource officer
 - Within 6 months of their appointment, and
 - At least once every four years thereafter
 - Directs the **Agency HR Officer to provide subsequent training** on agency HR policies
- Training will be **available January 2018**

COMMISSION RECOMMENDATION

AGENCY SUCCESSION PLANS

Agency Succession Plans

Each agency of state government should develop and annually update agency succession plans for key personnel, executive positions, and for employees nearing retirement. Those plans should be submitted to the Director of the Department of Human Resource Management.

STATUS

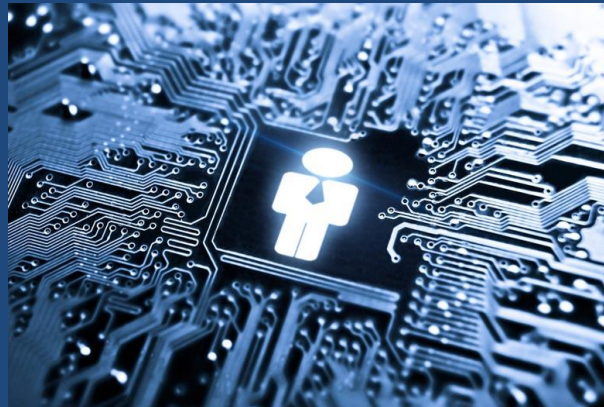
AGENCY SUCCESSION PLANS

- **Legislation passed to require Agency Director to develop agency succession plan**
 - **(2017) HB1555** – Agency Director human resource training and agency succession planning
 - Requires Agency Director to include **key workforce planning issues** in agency's annual strategic plan
 - Directs the Agency Director to submit a **succession plan** for key personnel, executive positions, and employees nearing retirement
 - Provided funding for 1 position at DHRM to guide this effort
 - DHRM hired the workforce succession specialist in July 2017 and work has begun
- **Virginia Management Fellows**
 - **Funded \$800,000 GF** in the second year for joint internship and management training
 - Designed to improve leadership, management, and succession planning
 - Secretary of Finance convened a work group with members from each branch of government
 - Agencies submitted requests for a Fellow and identified agency mentors
 - Applications for the fellowships are expected soon

OPPORTUNITIES

AGENCY SUCCESSION PLANS

- **Technology** is needed to help manage the workforce
 - No **Workforce Planning** System
 - No **Succession Planning** System
 - No **Performance Management** System
 - No **On boarding or Off boarding** System
- Additional **training and development** is needed
- Additional **career paths** should be implemented



HIGH EMPLOYEE RETIREMENT ELIGIBILITY RATES DEMONSTRATES THE NEED TO FOCUS ON COMPLETING REQUIRED SUCCESSION PLANS

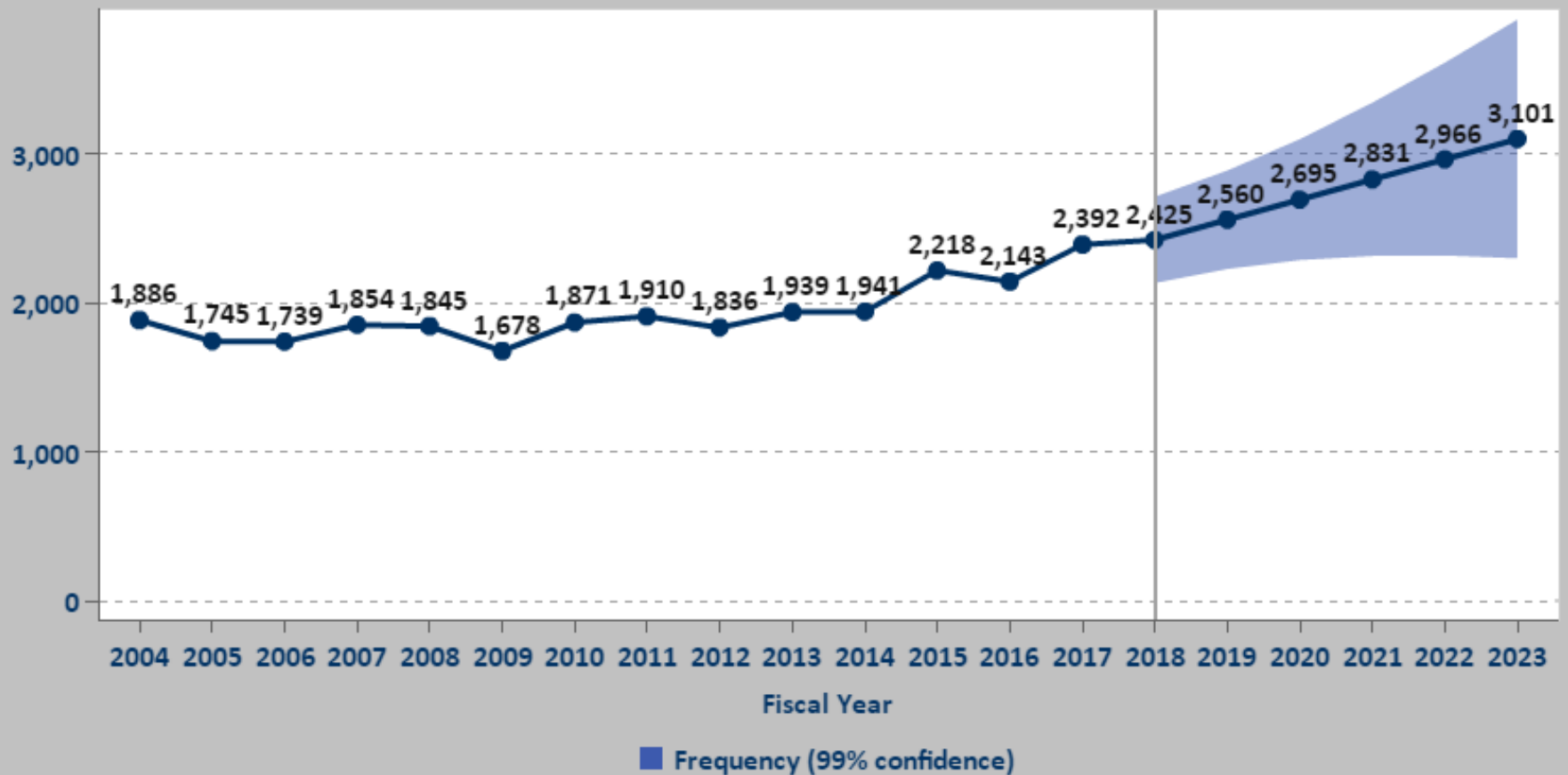
Agency	Total # of Employees	Retirement Eligible in 5 Years or Less
Dept Mines Minerals & Energy	187	40.64%
Dept of Education	275	37.46%
Baskerville Correctional Center	141	36.17%
Dept of Labor and Industry	141	35.46%
Dept of Forestry	233	34.76%
Virginia Employment Commission	679	34.61%
Dept of Planning and Budget	42	30.95%
Dept of Environmental Quality	773	30.66%
Dept of Transportation	7,481	30.33%
Dept of Agriculture & Cons Services	439	30.30%
Dept of the Treasury	103	30.10%
Dept of Accounts	143	30.07%

SPECIFIC CLASSIFIED ROLES ARE VULNERABLE TO RETIREMENT BRAIN DRAIN









Role	Total # of Employees	Retirement Eligible in 5 Years or Less
Mineral Specialist & Managers	107	41.12%
General Managers	653	40.58%
Financial Managers	439	37.81%
Agricultural Specialists & Managers	228	36.84%
Engineering Technicians	996	34.34%
Compliance & Safety Officers	477	28.30%
Registered Nurses	1,450	27.85%
Architects & Engineers	1,168	27.74%
Law Enforcement	2,682	26.66%
Physicians	164	26.22%
Probation Officers	1,540	23.77%
IT Specialists & Managers	3,137	21.49%

THE RISING TIDE OF SERVICE RETIREMENTS DICTATES AN INCREASED FOCUS ON SUCCESSION MANAGEMENT

Frequency of Service Retirements with Forecast (all salaried in PMIS)



COMMISSION RECOMMENDATION STATUS SUMMARY

Recommendations		Status
FY 2018 State Employee Pay Raise		Implemented
Occupationally Based Data Subscription		Implemented
Employee Marketing and Recruitment Plan		Need funding
Annual Employee Satisfaction Survey		Need funding
Employee Exit Survey		Work in progress
Agency Head Human Resources Training		Work in progress
Study Job Skills and Locations		Implemented
Agency Succession Plans		Work in progress